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MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Cable Charges to Users

1. Sometime ago you mentioned to me the matter of charging the cost of cables to the using components. We both agreed that if this could be done the net result would be a great reduction in the number of cables being sent and those that were sent would be reduced in the number of words contained in each cable.

2. After our discussion, I gave instructions to explore the possibilities with the Office of Communications. The result is the attached memorandum from the Director of Communications. In the attached memorandum, it is agreed that benefits would probably be gained by placing financial responsibility for commercial cables with the using component. The utilization of commercial cables varies substantially between divisions and uniform impact would not be felt by the various divisions. For example, during 1959 the total commercial cable costs were distributed as follows:

Actual 1959
(Dollars in Thousands)

WH	\$ 95
FE	23
NE	233
EE	5
WE	11
AF	<u>84</u>

Total 451

These costs, of course, depend to a considerable extent on the availability of leased lines to the Office of Communications. The application in this limited area may be of value although, due to the relatively small proportion of total Communication costs involved, it is possible that such charges would not be considered sufficiently significant to justify making the necessary changes. If you believe further consideration should be given to this question, we could investigate ways and means of accomplishing the distribution of commercial cable costs before making a final decision.

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3. The Director of Communications has some good points against charging other communication costs to operating divisions against which I have no arguments.

4. However, there are always more ways than one to get almost the same result. It is quite evident from reading the paper prepared by Communications that it costs much more for Communications to send cables than it does commercial concerns. Therefore, the users would be constantly complaining about the high costs of cables being charged by Communications.

5. It appears to me that if the Agency really wants to reduce the number of cables and wordage sent by the cable method, the best way to do it is by charging each Office for the cost or at least a reasonable cost. This reasonable cost could be the rates charged by commercial companies. It is my understanding that Communications keeps a record of cable units sent by each component. These cable units could be converted into dollars by using the commercial rate per unit and charging the using office accordingly. This method appears on paper to be very simple and sometimes simple things become very complicated when put into practice, particularly in this Agency. However, we are endeavoring to install a costly computer and computers of the costly type have a reputation of solving difficult and complex problems. Maybe we should take another look after the computer is installed and working satisfactorily.

E. R. SAUNDERS
Comptroller

Attachment

COMPT:ERS/epr

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